

MASTER SYLLABUS
School Of Business Administration, Sonoma State University
BUS 370 Introduction to Managerial Finance (4)

I. **Catalog Description:** An introduction to the conceptual and analytical framework guiding financial decision making within the business firm. Emphasis is placed on financial analysis, the evaluation of investment opportunities available to the firm, working capital management, and the analysis of alternative means of financing the firm.

II. **Prerequisites:**

Courses: BUS 230A and 230B.

Justification: BUS 230A and BUS 230B (Principles of Accounting): Finance includes analyzing and forecasting financial statements in order to assess firm strengths and weaknesses, present and future. Without an understanding of how the statements are prepared, students would be unable to perform this task. BUS 211: Students need statistical skills in order to measure the return and risk associated with real and financial assets. MATH 131: Much of finance involves manipulation of algebraic equations, e.g. time value of money computations. ECON 201A, 201B: Financial decisions are made within the context of a market economy. To be effective in finance, students must understand how supply and demand interact to determine prices and interest rates, and how changes in national economic variables affect industries and firms within that economy.

III. **Course Learning Outcomes:** At the end of this course, students should be able to:

- A. Describe the institutional and tax environments in which firms operate.
- B. Assess the financial health of firms by examining their financial statements.
- C. Adjust the values of cash flows across time.
- D. Calculate returns, and riskiness of returns, for various assets.
- E. Describe the source of asset value, and be able to calculate values for various financial assets.
- F. Assess the value of potential investments in fixed assets, and make correct decisions on whether or not to proceed with the investment.
- G. Describe the sources of capital available to firms, and estimate the cost for various sources.
- H. Forecast financial statements into the future, and determine future external financing needs.
- I. Describe the importance of working capital to the firm's financial health, and its effect on the firm's profitability and liquidity.
- J. Describe sources of short-term financing available to firms, and the relative advantages or disadvantages of each.
- K. Describe the tradeoff between minimizing cash balances and maintaining sufficient liquidity, and determine optimal cash balances for firms.
- L. Describe the tradeoff between levels of investment in accounts receivables and inventory, and the profitability and liquidity of the firm.
- M. Describe how international trade creates additional risks and opportunities for firms. Students should be able to assess the effect of varying exchange rates on financial statements, cash flows from fixed assets, credit decisions, and pricing strategies.

- IV. **Course Materials:** The materials required for this class may include a textbook and lecture notes. A financial calculator is also required.
- V. **Teaching Methods:** The primary teaching methods for this course includes class lectures and outside-of-class projects (including homework problems). Class lectures are used to present institutional details, theories, and example problems. Projects are used to reinforce application of concepts and theories, and to introduce students to library and other information sources.
- VI. **Evaluation Tools:** Evaluation of student performance will be conducted by means of homework assignment, short quizzes, term projects, and exams. Approximate grade percentage ranges are:
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| homework | 10% - 20% |
| quizzes | 10% - 20% |
| projects | 5% - 20% |
| exams | 40% - 70% |

VII. **Course Content:**

A. **Course Topics:**

1. The role of finance and the financial manager
2. The operating environment of the firm
3. Financial statement structure and analysis
4. Time value of money
5. Risk and return definitions and measurement
6. Capital budgeting - cash flow estimations
7. Capital budgeting - techniques
8. The cost of capital
9. Financial planning and forecasting
10. New working capital and short-term financing
11. Cash and marketable securities analysis
12. Account receivable and inventory analysis
13. International finance

B. **Interdisciplinary Content:**

	Minimum Number of Class Hours Devoted to Topic	Required Graded Work Other Than Exams?
International/Global	4	Yes
Ethical Issues	2	No
Political Issues		
Social Issues	1	No
Legal/Regulatory Issues	3	Yes
Environmental Issues		
Technology Issues	4	Yes
Demographic Diversity		

Footnotes:

International/Global: homework problems involving exchange rates, cross-border cost-of-capital issues, changing global finance system; **Legal/Regulatory Issues:** homework problems involving taxation of income, different types of firm ownership; changes in legal and regulatory framework; **Technology issues:** homework problems involving use of the Internet for data acquisition, structure of the NASDAQ stock market, computer spreadsheet analysis.

C. Interdisciplinary Skills:

**Required Graded
Work Other Than
Exams?**

Oral Communications	Yes
Written Communications	Yes
Critical Thinking	Yes
Working in Teams	Optional